

CITY COUNCIL COMMUNICATION FORM

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DATE: August 21, 2018

ITEM: Brynn Grey Annexation Negotiations: Deed Restrictions, Street Standards, Open Space and Riparian Corridors, School District Parcel.

DIRECTION
 INFORMATION
 ORDINANCE
 MOTION
 RESOLUTION
 PROCLAMATION

I. REQUEST/ISSUE & BACKGROUND INFORMATION:

The purpose of this agenda item is to continue annexation negotiations with Brynn Grey, specifically focusing on the following four topics:

1. Deed Restrictions
2. Street Standards
3. Open Space and Riparian Corridors
4. School District Parcel

Topic 1 - Deed Restrictions:

Gateway Deed Restriction

As proposed, the Gateway Deed Restriction would apply to 158 dwelling units in the Gateway Neighborhood and shall be administered by YVHA or other City-approved entity. The Deed Restriction requires the following:

1) Locals Only

- *For sale units:* Owned and occupied by at least one person who is employed or self-employed for a minimum of 30 hours per week and whose place of employment is situated in Routt County or, if their work entails travel, their primary residence is within Routt County.
- *For lease units:* Owned by the City, YVHA, WSN, or private entity approved by the City, and occupied by at least one person who is employed or self-employed for a minimum of 30 hours per week and whose place of employment is situated in Routt County or, if their work entails travel, their primary residence is within Routt County.

2) Vacation Home Rental Prohibition

WSN has indicated that the Deed Restriction will prohibit vacation home rentals. The final Deed Restriction document includes a prohibition on rentals of less than six months in duration. The six-month time period would prohibit vacation home rental uses, short-term rental uses, and also some rentals that would be otherwise permitted by the Community Development Code as long term rentals, which are defined as rentals for a period of thirty days or more.

In addition to the above restrictions, the Deed Restriction could include appreciation caps, income requirements, or both. The Yampa Valley Housing Authority has indicated that they do not support any income, asset, debt to income ratio, or other similar economic restrictions. Please refer to Attachment 3 for more information on YVHA's position.

West Steamboat Springs Area Plan

Chapter 4 of the 2006 West Steamboat Springs Area Plan (WSSAP) includes affordability strategies and a goal, policies, and actions for achieving affordability in the plan area. Specifically, the WSSAP states the following:

Goal:

Provide a minimum of 33% of the aggregate number of housing units to working people of Steamboat Springs who qualify for Community Housing in accordance with the City's Inclusionary Zoning regulations through collaborative private/public partnerships.

Policies:

- 1) As part of any annexation submittal, each new development within the West Steamboat area shall provide a detailed affordable housing plan. The plan must provide a minimum of 20% permanent affordable housing for ownership and occupancy by eligible households with an average of the Community Housing Units being permanently deed restricted to rental or ownership and occupancy by eligible households with incomes at eighty percent (80%) of AMI. The implementation of these requirements should be modeled on the City of Steamboat Springs Inclusionary Zoning (IZ) Ordinance.
- 2) Ensure that affordable housing is available to local workers in the community on a permanent basis. To accomplish this, affordable units shall be permanently deed restricted in accordance with a deed restriction enforceable in the State of Colorado, as approved by the City Council.
- 3) For those developments that propose to achieve more than 20% permanently affordable dwelling units, the City will consider providing incentives and assistance, in the form of grants, low or zero interest financing, cost sharing of installation of public utilities, additional density or increased building height, etc. Additional assistance may be provided by the City and County through YVHA. Developers are encouraged to propose creative alternatives to meet affordable housing goals as described in the Section 4.
- 4) The affordable units in any project must be clearly delineated in the project development plan, must be similar in style and materials to the market rate units and must be constructed and sold concurrent with the market-rate components of the project.
- 5) Inclusionary zoning requirements will continue to apply throughout further resubdivisions of the same property to other developers and must be required regardless of transfer or assignment of title or a portion thereof. In other words, no net decrease or dilution of inclusionary zoning requirement through further subdivision of property. (Townhome plats for the creation of duplexes are exempt).
- 6) Payment in-lieu may be accepted in accordance with the City's Inclusionary Zoning Ordinance. It can also be utilized for fractional remainders from 20% minimum requirement. Funds from the payment in-lieu fee are to be used solely for the development of new affordable housing units within the Steamboat Springs City limits with priority given to the West Steamboat Springs Area. The citywide Inclusionary Zoning Ordinance shall be used to guide collection and distribution of funds.
- 7) Developers may choose to deed land to the City to satisfy their obligation under Section 4, with the approval of City Council.

8) The City and County should share the cost of providing affordable housing (in excess of the minimum 20%) across the whole West Steamboat Springs Planning area.

WSN has provided an analysis of the proposed development's consistency with the WSSAP affordable housing goal and policies (refer to the WSSAP Consistency table within Attachment 2). This analysis indicates the development proposal is not fully consistent with the strict policies of the WSSAP. Specifically, the proposed development does not guarantee 20% of the dwelling units (90 units) for occupancy by households with incomes at 80% of AMI.

According to the WSSAP, the 2005 AMI for Routt County for a family of 4 was \$72,700. The 20% affordable housing requirement was based upon "the prevailing affordable housing needs as articulated in the 2003 Routt County Housing Needs Assessment."

The more recent Routt County Housing Steering Committee 2016 Final Report analyzed community housing needs in the following four categories:

Seasonal: variable income
Low Income: \$0 – \$35,000
Entry Level: \$35,000 – \$75,000
Move Up: \$75,000 – \$150,000

The 2018 AMI is \$86,700; 80% of that is \$69,360.

WSN is proposing to deed restrict 158 dwelling units for locals, which is 35% of the 450 total proposed units; 50 of the deed restricted units will be developed and controlled by YVHA. Exhibit D of the Annexation Agreement indicates the 50 YVHA units (25%) will be targeted at households under 80% of AMI; however, at the discretion of YVHA, these units may be targeted at other income categories. Exhibit D also indicates 55 units (28%) will be targeted at households under 100% of AMI; and 44 units (22%) will be targeted at households under 120% of AMI (\$104,040). All 149 of those units appear to fall within the income categories used in the 2016 Housing Report.

DIRECTION NEEDED:

CDC Section 725.C, Criteria for Approval of an Annexation, includes the following criterion applicable to this discussion: "The proposed annexation is consistent with any adopted guidelines or requirements for the inclusion of affordable housing in new development or annexation proposals."

Staff prefers to have clear legislative direction as to the applicability of the WSSAP policies on the WSN annexation. The above criterion for approval could be deleted or modified prior to approval of an annexation petition in order to

give discretion to City Council regarding the implementation of the WSSAP affordable housing provisions.

Topic 2 -Street Standards:

Staff and WSN both feel that this matter has been resolved. Since the July 3, 2018 City Council meeting, staff and WSN have met to discuss street standards and cross sections in greater detail. Staff's recommendation was that street standards and street cross sections not be defined within the annexation agreement, and instead be established through the multi-step development process involving the regulating plan, the zoning, and subsequent development applications. This approach, which is the same approach used for all new developments within existing City limits, would establish the City's street design standards as the foundation for street design and construction within the annexation boundaries. These standards allow for consideration of engineering variances on a site-specific basis during project design, which offers developers a degree of flexibility for cases where the standards may not fit a specific situation. WSN has agreed to this approach, and as such there is no longer an exhibit within the draft annexation agreement defining street standards and cross sections. Staff would like direction from Council if Council disagrees with this approach.

Topic 3 -Open Space and Riparian Corridors:

Applicable Code Standards

The following CDC Sections will apply to parks, open space, and riparian areas within the WSN development. Compliance with these standards will be reviewed at time of TND Regulating Plan, Preliminary and Final Plat, and Building Permit, as noted.

1) Section 401 Waterbody Setbacks

Structures will be required to be setback a minimum of 30 feet from the centerline of all tributary streams, intermittent streams, and natural drainages. Waterbody setbacks will be considered during Preliminary and Final Plat review, and compliance will be reviewed at time of Building Permit.

2) Section 606 TND Parks and Open Space

The purpose of these standards is to provide subdivisions with a diverse palette of parks and other publicly accessible open spaces that comprise essential components of mixed use neighborhoods. There are nine different park and open space types organized into the following three categories:

a) Primary Park and Open Space Types

These parks and open spaces shall be identified on the Regulating Plan. Minor modifications to their general form, disposition, and boundaries can be reviewed at time of Preliminary and Final Plat.

- Natural Preserves, Hillsides, and Riparian Areas
- Community Parks

b) Secondary Park and Open Space Types

The locations and sizes of these parks and open spaces shall be identified on the Regulating Plan for illustrative purposes. Refinement and detailed review shall occur at time of Preliminary and Final Plat.

- Plazas and Civic Spaces
- Neighborhood Parks

c) Tertiary Parks and Open Spaces

The locations and sizes of these parks and open spaces shall be reviewed at time of Preliminary and Final Plat.

- Pocket Plazas
- Neighborhood Pocket Parks
- Community Gardens
- Playgrounds

3) Section 722 Criteria for Approval of a TND Regulating Plan

The criteria for approval of a Regulating Plan includes the following specific criteria related to parks, open spaces, and riparian areas:

- The Regulating Plan shall promote preservation of environmental quality, energy conservation, and resource and water conservation and use.
- The Regulating Plan shall include primary parks and open spaces totaling a minimum of 15% of the gross land area.

Draft PROSTR Master Plan

The Draft Parks, Recreation, Open Space, Trails, and Yampa River Master Plan recommends the City maintain parks level of standards as residential growth occurs within the urban growth boundary and establishes typical size and level of service standards for different park classifications, including Community Parks and Neighborhood Parks. Per the Draft Plan, Community Parks should be provided at a minimum standard of six acres of developed parkland per 1,000 population, and Neighborhood Parks should be provided at a minimum standard of two acres per 1,000 population.

WSN Proposal

The draft Annexation Agreement has been revised to include a new Section 8(e) with language regarding waterbody setbacks and the riparian corridor. A

draft Regulating Plan has also been provided (within Attachment 2) to illustrate primary and secondary parks and open spaces. According to the draft Regulating Plan, WSN is proposing the following:

Slate Creek Greenway/Riparian Area: 13 acres
Natural Preserve: 68 acres
Neighborhood Parks: 4 acres
Total primary parks and open spaces: 81 acres (42%)
Total parks and open spaces: 85 acres (44%)

The draft Regulating Plan does not include land for a Community Park; however, the total land designated for TND primary parks and open spaces greatly exceeds the minimum requirements of the CDC.

Topic 4 - School District Parcel:

Section 3.4 of the draft annexation agreement identifies a 12-acre land contribution that WSN will make to the Steamboat Springs School District for an elementary school in conjunction with the final plat for the Slate Creek neighborhood. The parcel is depicted in the draft regulating plan within Attachment 2. The terms of this land deal are being worked out between the School District and WSN. Staff would like direction on what, if any, role the City should play in the discussion between the School District and WSN.

II. SUMMARY AND ALTERNATIVES:

n/a

III. STAFF RECOMMENDATION:

n/a

IV. FISCAL IMPACT:

During the July 3, 2018 worksession, City Council asked for a summary showing the projected revenue from West Steamboat Neighborhoods and the City's corresponding expenses. Attachment 4 includes three spreadsheets. The first spreadsheet is a high level summary comparing WSN payments and City costs. The second spreadsheet depicts a projected timeline for the revenue payments. The third spreadsheet provides detail on how staff calculated the average unit price for RETA projection purposes.

High Points:

Based on the West Steamboat Neighborhoods Fact Sheet submitted on August 14th, 2018 (which is included within Attachment 2), there will be approximately 10 homes built in 2019 and 26 homes per year thereafter. This would result in a 16-year buildout.

The Fiscal Impact Analysis projected that the RETA would cover City costs at full buildout. The second spreadsheet within Attachment 4 shows when the funds will be collected.

Water and Sewer tap fees are calculated to cover the infrastructure impact from each tap.

Building permit fees are designed to be a fee for service and are currently at about 80% cost recovery for all building permit types.

The City Cost for Transportation/Off-site Improvements is based on the City's 6-year CIP, however the City has not yet identified complete funding sources for these projects.

V. LEGAL ISSUES:

The latest version of the draft annexation agreement is included as Attachment 1.

VI. CONFLICTS OR ENVIRONMENTAL ISSUES:

A new section has been added to the draft annexation agreement. Section 8(e) was added to address concerns related to the Slate Creek riparian corridor.

VII. CONSISTENCY WITH COUNCIL GOALS AND POLICIES:

Define city policies and processes to facilitate viable options for diverse community housing opportunities.

ATTACHMENTS:

Attachment 1: Revised Draft Annexation Agreement as of 8/21/18.

Attachment 2: WSN Council Packet Materials, including WSN PowerPoint slides.

Attachment 3: Yampa Valley Housing Authority Legacy Committee – Deed Restriction Report.

Attachment 4: Cash flow spreadsheets.